Form 1099 Filing for QuickBooks Online Users

Overview of 1099s

1099s are similar to a W-2 form, but are for reporting payments to non-employees. Businesses are required to issue 1099s to non-corporate **service providers** and certain incorporated **service providers** for payments made during the year. The specific rules are listed below.

Unfortunately, the Internal Revenue Service can fine you $50 for each 1099 that you fail to file. _Significantly larger penalties apply for willful neglect to file._ In addition, the IRS now requires you and your tax preparer (us) to indicate on your federal tax return whether these forms are completed each year. Failure to answer will likely result in an audit or penalties.

Beginning with the tax year 2012, the Internal Revenue Service requires you to exclude from Form 1099-MISC any payments you made by credit card, debit card, gift card or third-party payment networks such as PayPal. (These payments are being reported by the card issuers and third-party payment networks on Form 1099-K).

Save Time, Money and Fees

The purpose of this resource is to provide you with guidelines to assist you in gathering the information and setting up your vendors in QuickBooks so you can properly file your 1099s. Doing this now will help you file on a timely basis and avoid IRS penalties.

1099s – The General Requirements

Federal law requires that all **business owners** file Forms 1099 for certain payments made during the year. Those most likely to apply to dentists are:

➢ **Payments of $600 or more to individuals** (does not include corporations) **for "services" performed during the year.** Services include laboratories, contract employees, unincorporated maintenance people, bookkeepers, accountants (including Dental Accounting Group), etc.

➢ **Rent** (as in your office lease).

➢ **Legal fees of $600 or more. (Whether they are an incorporated entity or not).**

➢ **Interest paid other than to a financial institution** (i.e. **paid to an individual** – such as with a seller financed business loan) **_of more than $10_**.

  o **_PLEASE NOTE:_** 1099-INT cannot be prepared through QuickBooks. Please give us a call for further instructions should you have a 1099-INT to prepare.

➢ **Non-Employee Compensation –** Form 1099-NEC is used to report non-employee compensation (which was introduced last year). This essentially took everything that used to be reported in Box 7 of Form 1099-MISC and moved it to its own form. Form 1099-MISC still exists for other payments such as rent.

➢ **Almost all practices will need to issue 1099s for rent, unincorporated laboratories and Dental Accounting Group if *not* paid by credit card; and, may have other service payees, attorneys or interest payments to report.**

    ✓ **You will need to issue a 1099 to us if you have not paid us by credit card. Please be sure if you are issuing checks to us that they are in the name of DG Accounting Professionals, LLC (Not Martin-Boyle, PLLC; Benton Bray, PLLC, etc.) EIN: 91-1941528.**

    ✓ **A 1096 must accompany your filing copies of Forms 1099 but is NOT required with e-filing.**

➢ **PLEASE NOTE: 1099-NEC is due to both the recipient and IRS on or before January 31st whether you paper file or e-file. 1099-MISC is due on or before February 28th if paper filing or March 31st if e-filing.**

Obtaining Information from Your Vendors

In order to issue Forms 1099, you will need the name, identification number and address of the vendor. This information can be obtained by sending a request to them with a **Form W-9.** Blank W-9s are available at the Internal Revenue Service website (www.irs.gov).

➢ **Print or type your name and address in the box "Requester's name and address" of the Blank W-9 and then make photocopies!**

You should document your mailing of the Form W-9. If the vendor fails to provide you with the information you will have to submit an incomplete Form 1099 **and you will be required to begin withholding a portion of their payment and sending that to the IRS (called back-up withholding).**

✹ **YOU WANT TO AVOID THE MAJOR HASSLE OF BACK-UP WITHHOLDING AT ALL COSTS**. Consequently, you should work very hard to get vendors to provide you with W-9's or applicable information. If you need more resources to convince a vendor to comply, please give us a call.

QuickBooks Online also provides a faster and more secure way to let all your vendors fill out their name, address and identification number themselves anywhere they have internet access. Please see our **"Obtaining Form W-9 Information from Your Vendors for QuickBooks Online Users"** resource for additional instructions.

Setting Up QuickBooks to Capture Data

1. Click **Expenses** on the left navigation panel, then the **Vendors** tab at top.
2. Click **New Vendors** and enter the person's information. **Note:** Skip this step for existing vendors and just edit the existing vendor. If the name is used on another list, but isn't yet on the vendor list, make sure to slightly change the name when entering them as a vendor (lists cannot have duplicate names); for example, add a middle initial or leave it off.
3. Make sure to enter the Tax ID number from the W-9 form into the field "Business ID No."
4. Click to mark the checkbox **Track payments for 1099**.
5. Click **Save**.

Payments made to these workers will now be tracked in expense accounts and accumulated for recording purposes on the form **1099 – MISC** or **1099-NEC**.

Useful Reports

To create a report that shows vendor contact information, track for 1099, and tax ID:

1. Click on **Reports** on the left navigation panel.
2. Click **Standard/All Reports** tab, then choose **Expenses and Vendors**.
3. Click the **Vendor Contact List** to run the report.
4. Click **Customize** link on the top right.
5. Once the Customize window is open, click on the **Rows/Columns** link.
6. On the drop down list click on the checkboxes **Track 1099** and **Tax ID** boxes.
7. Click on **Run Report**.

Prepare 1099s

1. Click **Expenses** on the left navigation panel, then vendors tab on the top and Click the **Prepare 1099s** button.
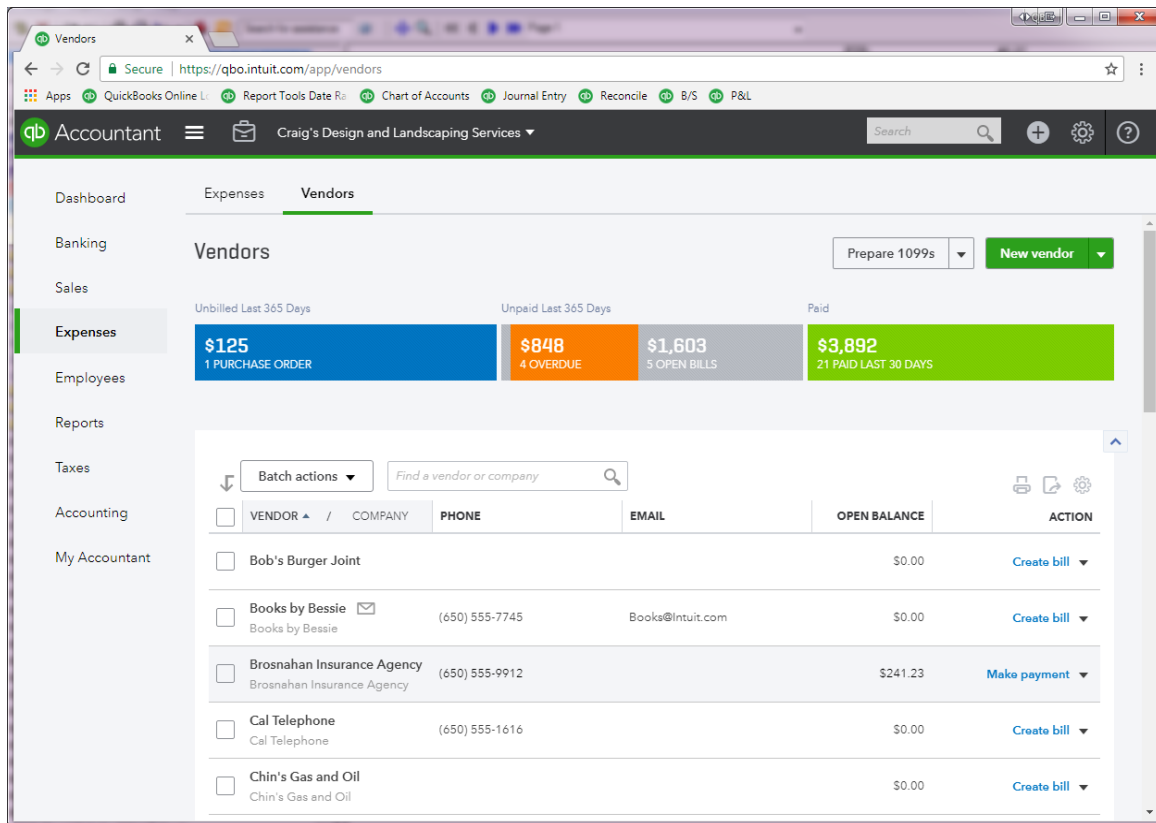
2. Click the **Let's get started** button.

3. After confirming your company information, Click the **Next** button.

4. Account mapping for 1099 categories

   For 1099 For **1099-NEC**, you will almost always use Box 1 for all selections. It will be very unlikely that you have any federal or state withholding. Form 1099-NEC will include applicable payments for:

Accountants	Repair & Maintenance	Computer Support & Repairs
Consulting	Contract Labor	Janitorial
Labs	Legal	Professional
Landscaping		

   For **1099-MISC**, there are a few more possible options, but again your most likely selection will be Box for rent, including other applicable accounts such as storage and parking.

5. Click the **Next** button.

6. Confirm your 1099 Vendors list. Make sure all the vendors have correct names, addresses, and tax ID numbers. If everything looks right, click the **Next** button.

7. Review your 1099 vendors and payments. Double check they are for **2022 current tax year**, in the **right Box categories** with **correct payment amounts**. If everything is accurate, click the **Finish preparing 1099s** button.

CHOOSE A FILING METHOD

1. **Go to 1099 E-file Service (through QuickBooks):** We recommend E-filing rather than printing and paper filing of the 1099s. E-filing can be done through your online QuickBooks. This service will e-file your 1099s for a fee. When you e-file, you will not be required to provide a 1096. You can then print the vendor copies and mail to your vendors or email a PDF copy, whichever works best for you.

2. **Print and mail forms:** You can choose to paper file your 1099s. You will need to get the pre-printed forms as early as possible. These can be obtained for free from the IRS website or pay a fee from your local Office Supply store or via Intuit QuickBooks.

Finally, always maintain a paper or digital copy of the forms you filed. (Do not depend on what is in QuickBooks). You will need these in case of a state or federal audit.

If you would like, there are a couple YouTube videos that are also helpful.

Quickbooks Online - How to SETUP 1099:
https://www.youtube.com/watch?v=bAM3Z7rABbU

Quickbooks Online - How to PRINT 1099:
https://www.youtube.com/watch?v=CVBiao2KUIo

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